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CENTRAL INTELLIGENCE AGENCY

REPORT NO.

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COUNTRY China

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SUBJECT Collection of Taxes, Kwangtung

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SUPPLEMENT TO
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1. Communist authorities in South China began to collect taxes for the summer of 1950 about 12 August in Chiangmen (113-06, 22-34), T'ai-shan (112-48, 22-15), and Sanou, collective name for Ch'angsha (112-42, 22-22), Tihai (112-41, 22-20), and Hsinch'ang (112-42, 22-21). Amounts assessed are JPY 33 billion for Chiangmen, 13 billion for T'ai-shan, and 12 billion for Sanou.
2. Taxes are assessed on the basis of 2.5 to 3 percent of gross income of all businesses during the summer season. If the total amount collected from this assessment is not equal to the quota set by the authorities, a further collection is to be made on all taxable business. Special extra assessments are expected to be made on companies dealing with kerosene and gasoline and after that on companies dealing in textiles, grains, and groceries.
3. To prevent evasion of taxes, the formation was ordered of guarantee groups, each made up of ten companies, who are held jointly responsible if one company is found guilty of tax dodging.
4. A penalty of five percent applies to all taxes not paid by 31 August. After a period of grace, if a company fails to pay, it will be forced to close.
5. On 1 September, T'ai-shan had paid 98 percent of its assessment and Sanou 40 percent. Tax collectors were pressing the people to pay, but no action had been taken against delinquents.

This document is hereby regraded to
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letter of 16 October 1978 from the
Director of Central Intelligence to the
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